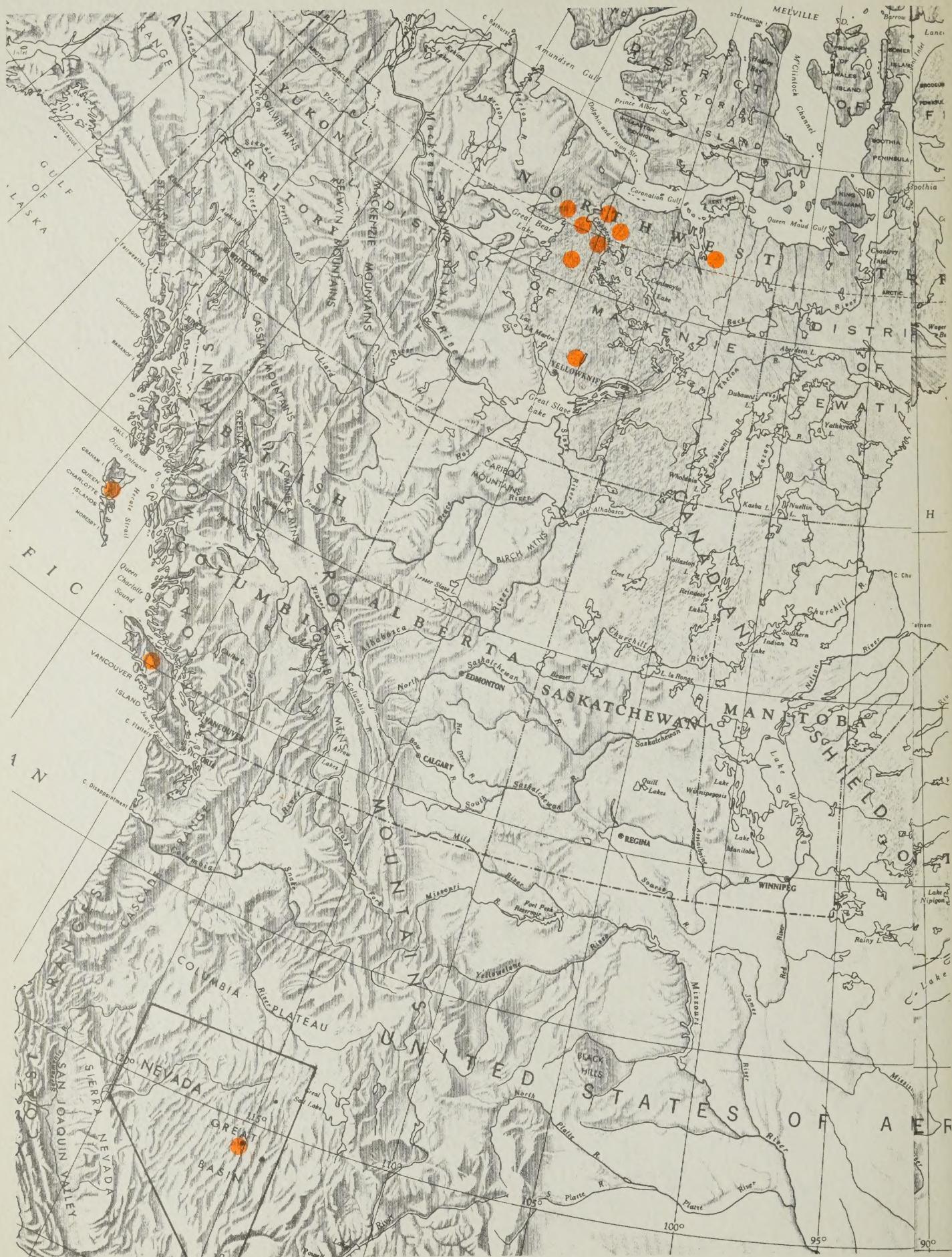


LM

moresby
mines limited
N.P.L.

FOURTH ANNUAL REPORT 1969





PRESIDENT'S REPORT TO THE SHAREHOLDERS

We are pleased to present the Company's Fourth Annual Report, including the financial statements for the fiscal year ending September 30, 1969, and the Auditors' Report thereon.

In order to maintain its position in the rapidly expanding resource industry in North America, the Company has continued its program of property examination and acquisition and as a result has obtained two new mineral prospects of interest. One, now consisting of 120 mineral claims, located west of Campbell River on Vancouver Island, contains mineralization of a type and has a geological environment similar to that of Utah Construction's Island Copper property at Port Hardy. The other is located near Ely, Nevada, where highly significant and widespread copper mineralization has been located in favorable geological structures.

The Company holds the Vancouver Island property by way of an option agreement dated November 17, 1969, under which a total of \$50,000 is payable on an option basis, and, if the option is exercised, the optionors are to receive 100,000 escrowed shares of a new company to be formed by Moresby on or before October 31, 1974, to acquire title to the optioned property. An initial payment of \$2,000 has been made and the balance of the cash purchase price is payable in five annual instalments of \$3,000, \$5,000, \$7,500, \$10,000 and \$22,500.

The Nevada property is held under option by way of a letter agreement dated February 15, 1970, under which the Company has the right to purchase the property for \$300,000 in U.S. funds payable over a term of 15 years by way of 5% of net smelter returns (less shipping charges but not mining costs) and monthly option payments at the rate of \$100 per month during 1970, commencing May 1, \$200 per month during 1971, \$400 per month during 1972, and \$600 per month for the balance of the term. On execution the Company was required to make an immediate advance of \$2,000 in U.S. funds for work.

Substantial exploration programs were carried out during the past year on eight of the separate mineral claim groups, located in the Northwest Territories, in which your Company holds a 20% interest. Results of these programs has been encouraging, and further development of the more promising prospects is currently being planned.

The option agreement under which the Company holds most of its Moresby Island property in the Queen Charlotte Islands has been further modified. In lieu of the annual instalment of \$8,000 payable October 1, 1968, the Company paid a total of \$4,000 in instalments and the balance now forms part of the last instalment of the purchase price. In the case of the 1969 instalment of \$8,000, the Company paid \$1,000, and, if the option is to be maintained, a further \$1,000 is payable on or before May 31, 1970, and a further \$3,000 by October 1, 1970, and the balance of \$3,000 is to form part of the last instalment of the purchase price. In addition, the whole of the instalment of \$8,000, which would otherwise be payable on or before October 1, 1970, has been deferred. In the result, by the payment of a further \$1,000 in May of this year the Company can hold the option, without further property payments, until October 1, 1970, and by paying a further \$3,000 by that date, can maintain the option until October, 1971. Thus, the Company is now in a position, if the Directors determine that it would be in the best interests of the Company, to carry out a further exploration program on the Moresby Island property this season, and, if the results were encouraging, during the 1971 season as well, before being required to make a full annual property payment of \$8,000, which, in effect, means that proportionately more money can be spent on the ground.

The coming year will be one of progressive activity in the exploration and development of the various diversified mineral holdings of the Company, and although economic conditions are currently unsettled, the metal markets continue strong, and the longer term outlook for the resource industries is indeed a favorable one.

ON BEHALF OF THE BOARD



Ronald E. Dale
President

REPORT TO THE SHAREHOLDERS

MINERAL HOLDINGS

Moresby Mines Limited (N.P.L.), which as an exploration company has always regarded diversification as one of its key objectives, now holds interests in eight mineral properties in the Northwest Territories, two in British Columbia, and one in the State of Nevada, comprising Copper, Nickel, Molybdenum, Gold, Silver, Zinc and Uranium prospects.

PROPERTIES

T.C.O. Group

43 recorded mineral claims, Belleau Lake, N.W.T. Moresby: undivided 20% interest.

This claim group is located approximately 60 miles East of Port Radium, N.W.T., and essentially covers a major structural break with a geological environment suggestive of that at Port Radium. Samples taken from the known mineralized zone, that is approximately 2500 feet long, confirm the presence of highly significant uranium mineralization, and the metallic suite also includes Silver, Copper, Rare earths, Lead and Zinc.

Considerable ground exploration work, consisting of preliminary geological mapping, surface trenching, and a ground scintillometer survey over the known mineralized zone were completed during the past season. A report on the results of this work by W. Wegenast. P.Eng., recommends further surface trenching and diamond drilling across the known mineralized zone in order to determine its character, and economic potential.

An airborne magnetometer and electromagnetic survey were also completed on the claim group by Seigel and Associates Ltd. The report on the results of this survey has recommended further investigation of other areas within the claim group, that have produced anomalies of interest.

OX, OXO, and T.O.C. Claim Groups

103 recorded mineral claims, Coppermine River Area, N.W.T. Moresby: undivided 20% interest.

These three non-contiguous claim groups are located between 60 and 100 miles from tidewater at Coronation Gulf, N.W.T. Essentially the mineral claims cover the contact and feeder zones of a large ultra basic pluton which straddles the Coppermine River.

Mineralization consists of massive sulphides that form sheet-like deposits along the contact zone and are disseminated throughout the feeder zone. The sulphides are well defined at the surface in many areas, and surface trenching and sampling gave encouraging values in Nickel, Copper, and Platinum.

Seigel and Associates Ltd., completed airborne electromagnetic and magnetometer surveys over the claim groups this past season, and the results have indicated many strong anomalies and conductors, some of which coincide with known surface showings that warrant further investigation.

C.O.T. Group

24 recorded mineral claims, Bathurst Inlet area, N.W.T. Moresby: undivided 20% interest.

These claims cover geological structures similar to that of the impressive gold prospects located at Contwoyo Lake, N.W.T., some 120 miles south. Previous geological mapping has indicated a mineralized zone approximately 1500 feet long and 500 feet wide, where surface assays from a few of the many mineralized outcrops gave gold values ranging from a trace to .82 oz per ton.

Although the property was examined during the past season, no further exploratory work was conducted due to the limited time available.

R.E.D. Group

128 recorded mineral claims, Great Bear Lake, N.W.T. Moresby: undivided 20% interest.

This claim group directly adjoins the Westfield Minerals Limited group of claims on which limited diamond drilling some years ago, has outlined an orebody in excess of 100,000 tons grading 8.4% copper. The large quartz stockwork of varied geological age that the Westfield ore body is associated with, continues through the R.E.D. mineral claims. Prior exploration work has uncovered surface showings indicating copper, silver and uranium mineralization associated with this and other quartz stockworks on the claim group.

Exploration work this past season consisted of an airborne electromagnetic and magnetometer survey conducted by Seigel and Associates Limited. Their report has recommended further investigation of two anomalies that co-relate to the known quartz stockworks.

M.C. and M.D. Claim Groups

58 recorded mineral claims, Upper Ross Lake, N.W.T. Moresby: 100% interest.

These prospects cover an area of favorable geological structures for ore deposition where prior surface trenching has uncovered widespread copper-molybdenum mineralization. Other economic mineralization within the claim group consists of tantalum-colombite, beryllium, lithium and other minerals associated with numerous pegmatite dykes.

Seigel and Associates Limited, completed an airborne electromagnetic and magnetometer survey over the claim group this past season. As a result, one long zone of electromagnetic conduction has been discovered that co-relates to a known basic dyke. Some of the intersections of this conducting zone indicate that in places it may have the conductivity representative of massive sulphides. Further geological and geophysical ground studies are recommended.

RUBY and GARNET Claim Groups

58 recorded mineral claims, Tasu Sound, Q.C.I., B.C. Moresby: 100% interest.

Previous investigation by five short diamond drill holes in an area of copper-iron mineralization gave intersections in all holes of between 15 and 40 Feet, with overall average grades of 1.3% copper, .08% molybdenum, and .6 oz silver per ton. As this area is geologically complex, and remains only partially explored, a diamond drilling program to define the extent of this orebody is currently being planned as recommended by J.A. Chamberlain, P.Eng.

DV and VANHALL Claim Group

120 recorded mineral claims, Gold Lake, V.I., B.C. Moresby: 100% interest.

Preliminary geological mapping of a small portion of this claim group has indicated consistent and almost continuous mineralization over an area at least 3500 feet long and 1000 feet wide. Assays from various surface outcrops within this area gave encouraging values of both copper and silver with some molybdenum.

D.A. Arscott, P.Eng., in his report of October 25, 1969, states that the large area of mineralization, widespread alteration, suggested deep seated structures, which with fracturing, give a very favorable ore environment.

The Company is currently finalizing negotiations with a large exploration firm to finance the future development of this prospect, in order to supply it with the major exploration program that is warranted.

SKOALL Group

20 unpatented mineral claims, Cold Creek District, White Pine County, Nevada. Moresby: 100% interest.

This property has recently been optioned by the Company, and an initial exploration program of limited bulldozer stripping has been completed. This has opened up a series of beds up to 40 feet wide that contain significant copper-carbonate mineralization over lengths of up to 300 feet and on current indications should extend at least 600 feet down dip.

Mr. Requa has now completed his initial report and has confirmed the presence of mineralized conditions warranting a more extensive exploration program. The work will be continued later in the spring when weather conditions are more stable.

MORESBY MINES LIMITED

(Non-Personal Liability)

Vancouver, B.C.

INDEX TO FINANCIAL STATEMENTS

Auditors' Report to the Shareholders.

Exhibit "A" — Balance Sheet as at September 30th, 1969.

Exhibit "B" — Notes to the Financial Statements as at
September 30th, 1969.

Exhibit "C" — Statement of Source and Application of Funds
for the Year Ended September 30th, 1969.

Schedule "1" — Exploration and Development Expense for the
Year Ended September 30th, 1969.

Schedule "2" — Administration Expense for the Year Ended
September 30th, 1969.

MORESBY MINES LIMITED

(Non-Personal Liability)

Vancouver, B.C.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Balance Sheet of Moresby Mines Limited (N.P.L.) as at September 30th, 1969 and the Statement of Source and Application of Funds for the period then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

We have not verified title to the mineral claims directly with the Government Registry Offices. We have obtained a letter from the Company's solicitor stating that the Company is the recorded or beneficial owner of all claims recorded in its books of account and that all such claims are in good standing.

In our opinion, subject to the foregoing, these financial statements present fairly the financial position of the Company as at September 30th, 1969 and the source and application of its funds for the period then ended, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Brown, Steele Johnson and Company

CHARTERED ACCOUNTANTS

Vancouver, B.C.
October 29th, 1969

MORESBY MINES LIMITED

Exhibit "A"

(Non-Personal Liability)

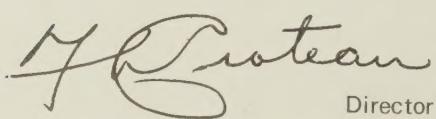
Vancouver, B.C.

BALANCE SHEET AS AT SEPTEMBER 30th, 1969

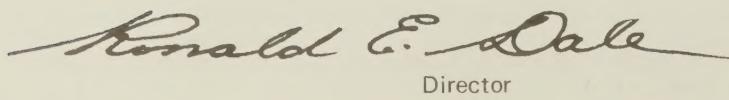
(with comparative figures for 1968)

ASSETS

	1969	1968
CURRENT ASSETS		
Bank	\$ 2,525	\$ 3,529
Term deposit	180,000	10,000
Accounts receivable and accrued interest	1,476	2,633
Prepaid expenses	199	—
	<hr/> 184,200	<hr/> 16,162
MINERAL PROPERTIES, at cost		
Mineral claims (Note 1)	72,394	72,661
Option payments (Note 2)	11,500	6,500
	<hr/> 83,894	<hr/> 79,161
FIXED ASSETS, at cost		
Camp buildings	1,805	1,805
Mining and exploration equipment	7,111	7,111
Boat	717	717
Furniture and fixtures	638	—
	<hr/> 10,271	<hr/> 9,633
DEFERRED COSTS		
Exploration and development expense, per Schedule "1"	131,038	94,668
Administration expense, per Schedule "2"	39,120	26,639
Incorporation costs	1,568	1,568
	<hr/> 171,726	<hr/> 122,875
APPROVED ON BEHALF OF THE BOARD		
	<hr/> \$450,091	<hr/> \$227,831



Director



Director

MORESBY MINES LIMITED

Exhibit "A"

(Non-Personal Liability)

Vancouver, B.C.

BALANCE SHEET AS AT SEPTEMBER 30th, 1969

(with comparative figures for 1968)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1969	1968
CURRENT LIABILITIES		
Accounts payable	\$ 2,008	\$ 6,728
Commissions payable	—	12,753
	<hr/>	<hr/>
	2,008	19,481

SHAREHOLDERS' EQUITY

Share Capital (Note 3)

Authorized:

3,000,000 shares without par value

Issued for cash:

995 205

369 450 129 450

Issued for other consideration:

65,000 shares for expenditure made on

5,000 shares for expenses
behalf of the Company.

721,333 shares for properties

6 500 6 500

6,500
72 400

Total issued:

1,781,538 shares

448.083 208.350

2013 **2012**
\$450,091 \$227,831

This is the Balance Sheet referred to in the report of MacGillivray & Co., Chartered Accountants, dated October 29th, 1969.

MORESBY MINES LIMITED

(Non-Personal Liability)

Vancouver, B.C.

NOTES TO THE FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 1969

1. MINERAL CLAIMS

The Company owns fifty-six claims in the Skeena Mining Division of British Columbia acquired for 724,000 shares of the Company and a cash consideration of \$260.

The Company has also acquired a twenty percent interest in nine groups of mineral claims in the Coppermine River areas, McKenzie Mining District, Northwest Territories. This interest was acquired at a nominal cost of \$1. To maintain this interest, the Company is obligated to contribute its share of any exploration and development costs, and subsequent to the year end, negotiations commenced on a joint venture exploration program.

2. OPTION AGREEMENT

Under an agreement dated August 17th, 1965 the Company acquired all rights to an option agreement covering five claims in the Skeena Mining Division for \$300,000.

Option payments of \$19,500 have been made, of which Canadian Superior Exploration Limited paid \$8,000 under a working agreement with the Company. This agreement has been terminated and the Company is now liable for installments of \$3,000 payable by May 31st, 1970 and \$8,000 payable by October 1st, 1970 and each succeeding year.

The agreement provides further that in consideration of any payments being made by the Company, the assignor will gift to the Company escrow shares deemed to be the equivalent in value to the option payment. The assignor of the option has surrendered 2,667 escrow shares to the Company, being the equivalent of a \$1,000 payment. These shares have now been cancelled. An additional 9,070 shares deemed to be the equivalent of payments of \$4,000 made by the Company have still to be surrendered.

3. SHARE CAPITAL

During the period the Company issued 400,000 shares for a net cash consideration of \$240,000.

2,667 shares were surrendered to the treasury for payments made by the Company on the option agreement (Note 2).

4. DEPRECIATION

No depreciation has been provided on the Company's fixed assets.

5. DIRECTORS' REMUNERATION

The President of the Company has received \$6,714 for services rendered during the year.

MORESBY MINES LIMITED

(Non-Personal Liability)

Vancouver, B.C.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED SEPTEMBER 30th, 1969

(with comparative figures for 1968)

	1969	1968
SOURCE OF FUNDS		
Sale of shares	\$240,000	\$ 38,625
APPLICATION OF FUNDS		
Acquisition of mineral claims	-	1
Option payment on mineral claims	5,000	-
Exploration and development expense	36,370	8,058
Administration expense	12,481	12,577
Purchase of fixed assets	638	-
	<hr/> 54,489	<hr/> 20,636
INCREASE IN WORKING CAPITAL	<hr/> 185,511	<hr/> 17,989
WORKING CAPITAL DEFICIENCY , at beginning of period	3,319	21,308
WORKING CAPITAL , at end of period	<hr/> \$182,192	<hr/> \$(3,319)

MORESBY MINES LIMITED

Schedule "1"

(Non-Personal Liability)

Vancouver, B.C.

**EXPLORATION AND DEVELOPMENT EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30th, 1969**

(with comparative figures for 1968)

	1969	1968
RUBY AND GARNET GROUP		
Expense at beginning of year	\$ 94,668	\$ 86,610
Expense for year:		
Assaying and assessments	244	190
Engineering	1,929	276
Freight and cartage	292	62
Insurance	16	92
License and taxes	215	235
Maps	179	114
Recording	70	30
Repairs and maintenance	205	999
Supplies	—	225
Travel	1,250	1,331
Trenching, staking and line cutting	3,901	5,519
	8,301	9,073
Less: Expense recoveries	—	695
Equipment rental	—	320
	—	1,015
	8,301	8,058
	<u>102,969</u>	<u>94,668</u>
MACKENZIE MINING DISTRICT GROUP		
Expense for year:		
Assay	303	—
Camp supplies	966	—
Consulting fees	1,027	—
Food and supplies	624	—
Hotels and travel	432	—
Miscellaneous	62	—
Prospecting	4,200	—
Registration fees and maps	871	—
Rentals	195	—
Sub-contracts	384	—
Surveys	180	—
Telephone and telegraph	140	—
Transportation and freight	2,881	—
Wages	8,141	—
Wage assessments	328	—
	<u>20,734</u>	<u>—</u>
	carried forward	\$123,703
		\$ 94,668

MORESBY MINES LIMITED

(Non-Personal Liability)

Vancouver, B.C.

**EXPLORATION AND DEVELOPMENT EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30th, 1969**

(with comparative figures for 1968)

	1969	1968
brought forward	<u>\$123,703</u>	<u>\$ 94,668</u>

GENERAL EXPENSE

Expense for year:

Camp supplies	252	—
Travel	2,594	—
Maps	64	—
Miscellaneous	27	—
Wages and assessments	4,398	—
	<u>7,335</u>	<u>—</u>
TOTAL, to Exhibit "A"	\$131,038	\$ 94,668

MORESBY MINES LIMITED

(Non-Personal Liability)

Vancouver, B.C.

ADMINISTRATION EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30th, 1969

(with comparative figures for 1968)

	1969	1968
Expense at beginning of year	<u>\$ 26,639</u>	<u>\$ 14,062</u>
Expense for year:		
Audit, accounting and legal	6,226	6,788
Advertising and promotion	63	25
Bank charges and interest	13	546
Dues and subscriptions	50	—
Insurance	20	—
Listing fee	2,000	—
Licenses and taxes	66	70
Office administration	5,401	—
Printing and office supplies	1,486	2,524
Postage	70	65
Rent	819	816
Telephone	1,270	991
Travel	1,668	—
Registrar and transfer fees	992	1,129
Less: Interest earned	20,074	12,954
	<u>7,593</u>	<u>377</u>
	<u>12,481</u>	<u>12,577</u>
TOTAL, to Exhibit "A"	<u>\$ 39,120</u>	<u>\$ 26,639</u>

